

Education and Workforce Development Cabinet

Kentucky's jobless rate increases to 10.4 percent in January

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Editor's Note: Preliminary January and revised December labor market information are included in this release.

FRANKFORT, Ky. — Kentucky's seasonally adjusted preliminary unemployment rate increased to 10.4 percent in January 2011 from a revised 10.3 percent in December 2010, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet.

The January 2011 jobless rate is .6 percentage point lower than the 11 percent rate recorded in January 2010 for the state. The 10.4 percent rate recorded in January 2011 is the highest rate since May 2010 when it was 10.4 percent.

"The increase in Kentucky's unemployment rate in January 2011 is driven by a rise in the number of entrants and re-entrants into the civilian labor force. As the economy stabilizes, discouraged workers are returning to the labor force and renewing their search for employment," said Dr. Justine Detzel, OET chief labor market analyst.

The U.S. seasonally adjusted jobless rate decreased from 9.4 percent in December 2010 to 9 percent in January 2011, according to the U.S. Department of Labor.

Unemployment statistics are based on estimates and are compiled to measure trends rather than actually to count people working.

Six of the 11 major nonfarm North American Industry Classification System (NAICS) job sectors reported an employment increase in

January 2011, while five decreased, according to OET. An increase of 4,000 jobs in January 2011 brought Kentucky's nonfarm employment to a seasonally adjusted total of 1,781,700. Kentucky's nonfarm employment has grown by 24,300 workers since January 2010.

"This represents the seventh time employment has risen in the last 11 months, and it is the highest level of nonfarm employment since February 2009 when total nonfarm employment was recorded at 1,787,900," said Detzel.

According to the seasonally adjusted employment data, the trade, transportation and utilities sector gained 2,000 jobs in January 2011. This area includes retail and wholesale trade, transportation and warehousing businesses and utilities. It is the largest sector in Kentucky with 361,900 employees. Since January 2010, the number of jobs in this sector has grown by 2,800.

The educational and health services sector reported an increase of 1,500 workers in January 2011. The sector has surged by 4,100 workers since January 2010. This sector includes private and nonprofit establishments that provide either education and training, or health care and social assistance to their clients.

Kentucky's professional and business services sector added 1,200 positions in January 2011. This area includes professional, scientific and technical services; management of companies; and administrative support and waste management, including temporary help agencies. Since last January, jobs in the sector have climbed by 9,300.

"General population growth, longer life expectancy and aging baby boomers help explain the continued expansion of health care employment in the last year. In addition, educational services institutions have experienced employment growth, which is typical during economic downturns. Individuals often return to school or choose to continue their education when the economy falters," Detzel said.

"Year-over-year employment growth in the professional and business services sector is concentrated in administrative and support businesses, such as call centers, billing firms and customer support centers. Concurrent with the overall expansion in this sector in the last year, professional, scientific and technical services companies advanced by 1,000 positions," said Detzel.

Kentucky's leisure and hospitality sector climbed by 800 jobs in January 2011. Since January 2010, the sector has surged by 5,700 positions. The leisure and hospitality sector includes arts, entertainment and recreation, accommodations and food services and drinking places industries.

"The year-over-year expansion in the leisure and hospitality sector is ascribed to accommodations and food services establishments," said Detzel.

The financial activities sector rose by 600 jobs in January 2011. This segment, which includes businesses involved in finance, insurance, real estate and property leasing or rental, has 500 fewer positions than in January 2010.

Construction sector jobs increased by 400 in January 2011. Since January 2010, employment in the construction sector has plunged by 5,700 jobs.

Kentucky's manufacturing sector lost 900 jobs in January 2011. Since January 2010, employment in the manufacturing sector has climbed by 3,800 positions.

"This is the first decrease in the number of industrial workers since July 2010. Job losses are attributed to the durable goods subsector, which is indicative of a major manufacturer shutting down, and the closings of an automobile plants producer and a door manufacturer," Detzel said.

"In spite of the overall contraction in the manufacturing sector, the nondurable goods subsector experienced job gains in January 2011."

The government sector, which includes public education, public administration agencies and state-owned hospitals, declined by 700 jobs in January 2011. The sector has 2,800 more jobs than in January 2010.

Employment in the other services sector, which includes such establishments as repair and maintenance businesses; personal and laundry services; religious organizations; and civic and professional organizations, fell by 700 positions in January 2011. This sector had 1,500 more positions in January 2011 than January 2010.

The information sector reported 100 fewer workers in January 2011 than December 2010. This segment, which includes firms involved in publishing, Internet activities, data processing, broadcasting and news syndication, has decreased by 500 positions since January 2010.

Employment in the mining and logging sector dropped by 100 in January 2011. The sector has gained 1,000 jobs since January 2010.

The U.S. Bureau of Labor Statistics' monthly estimate of the number of employed Kentuckians for January 2011 was 1,878,722 on a seasonally adjusted basis. This figure is up 2,316 from the 1,876,406 employed in December 2010, and up 24,822 from the 1,853,900 employed in January 2010.

The monthly estimate of the number of unemployed Kentuckians for January 2011 was 218,097, up 3,363 from the 214,734 Kentuckians unemployed in December 2010, but down 10,022 from the 228,119 unemployed in January 2010.

The monthly estimate of the number of Kentuckians in the civilian labor force for January 2011 was 2,096,819. This figure is up 5,679 from the 2,091,140 recorded in December 2010, and up 14,800 from the 2,082,019 recorded in January 2010.

Civilian labor force statistics include nonmilitary workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky's statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

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